

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 AID-05 ACDA-07 SSM-03 TRSE-00
EB-07 DHA-02 MCT-01 /106 W
-----091552Z 002461 /40

R 091427Z JUN 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 6607
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY BUCHAREST
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION USUN NY

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 4131

E.O. 11652: GDS
TAGS: IS, EG, XF, PDEV, PGOV, PBOR
SUBJECT: GAZA CITY MANAGER REVIEWS CURRENT DEVELOPMENTS

REF: TEL AVIV 3401 AND PREVIOUS

SUMMARY: GAZA CITY MANAGER ISAM SHAWWA ON JUNE 0 BROUGHT
EMBOFF UP-TO-DATE ON LOCAL ISSUES, INCLUDING A SLIGHTLY-
STIFFENED MILITARY GOVERNMENT; ISRAELI-GAZA HAGGLING
OVER THE EXCHANGE RATE FOR ARAB AID, IF IT HAPPENS; A
FEELING OF TIGHTER SECURITY LATELY; THE MAYOR'S APPARENT
LOSS IN HIS DISPUTE WITH THE ISRAELIS OVER PAYING VALUE-
ADDED TAX ON MUNICIPAL ELECTRIC BILLS; AND THE POSSIBILITY
FO A NEW TAX ON GAZA CITRUS GROWERS. END SUMMARY.

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1. AFTER THE LIKUD VICTORY. ASKED ABOUT THE RESULTS
FOR GAZA OF THE ISRAELI ELECTIONS, SHAWWA COMMENTED
BRIEFLY AND NEGATIVELY ABOUT BEGIN'S WELL-KNOWN IDEAS.
(HE VENTURED NOTHING ON MOSHE DAYAN OR EZER WEIZMAN,
LIKUD'S LIKELY FOREIGN AND DEFENSE MINISTER; THE MAYOR
HAS NEVER MET THE LATTER, WHO WILL HAVE MINISTERIAL
RESPONSIBILITY FOR THE OCCUPIED TERRITORIES. THERE

APPEARS TO HAVE BEEN SOME SLIGHT STIFFENING IN THE LAST THREE WEEKS IN SHAWWA/MILITARY GOVERNMENT RELATIONS. FOR EXAMPLE, WHEN COLONEL JOEL (OFFICER RESPONSIBLE FOR GAZA CITY) HAD RECENTLY OBSERVED THAT THE MAYOR WAS LATELY BEING "HOTHEADED," THE MAYOR HAD RESPONDED WITH A CAUSTIC REMARK. ANOTHER CONSEQUENCE OF THE ELECTION OUTCOME IS THAT GAZA'S DEVELOPMENT BUDGET IS BEING HELD UP IN THE ISRAELI BUREAUCRACY ("IN THE PRIME OF OUR CONSTRUCTION SEASON," SHAWWA COMPLAINED).

2. ARAB FINANCIAL AID. THE ISRAELIS HAVE REJECTED THE MAYOR'S PROPOSAL TO BRING IN "TWIN-CITY" MONEY AT BLACK MARKET RATES (SEE TEL AVIV 3363, PARA 2), BUT ARE CONSIDERING HOW TO EXCHANGE THIS POSSIBLE NEW SOURCE OF FOREIGN CURRENCY. ONE SOLUTION BEING WEIGHED IS TO MAKE THE CONVERSION AT THE RATE GIVEN TO ISRAELI EXPORTERS; ACCORDING TO SHAWWA, THIS WOULD BE ACCEPTABLE TO THE MAYOR. THE ISRAELIS HAVE ALSO OFFERED SEVERAL NEW SUGGESTIONS AS TO HOW THE MUNICIPALITY MIGHT SPEND ITS ARAB AID, (BUILDING BREADWATERS TO PREVENT FURTHER EROSION IN GAZA'S BEACHFRONT; CONTRACTING PLANS FOR WIDENING THE ARTERIAL ACCESS ROAD INTO GAZA). AT THE SAME TIME, SHAWWA SAID, SOME MILGOV OFFICERS ARE CONVINCED THAT THE ARAB MONEY IS FROM THE PLO, AND HE PERSONALLY IS NOW NOT SURE THAT THE GOI WILL PERMIT THE MUNICIPALITIES TO RECEIVE THE FUNDS.

3. SECURITY. SHAWWA FELT THAT IN THE PERIOD FOLLOWING THE ISRAELI ELECTIONS THERE SEEMS TO HAVE BEEN AN CONFIDENTIAL

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INCREASED SECURITY CONSCIOUSNESS AMONG ISRAELI TROOPS IN THE GAZA STRIP. HE WAS NOT AWARE OF ANY REPORTS THAT THE PLO MIGHT BE PLANNING LOCAL OPERATIONS (SEE STATE 122496). HE ALSO SAID THAT THE TREATMENT OF ARABS AT THE ALLENBY BRIDGE IN RECENT WEEKS HAS BEEN UNPRECEDENTED IN ITS "HARSHNESS" AND "CRUELTY." FURTHER, THE ISRAELIS AT THE BRIDGE HAVE BROADENED THE APPLICATION OF TAXES AND DUTIES TO INCLUDE NARALY EVERYTHING, ACCORDING TO SHAWWA, "EVEN OLD SHOES." AS AN EXAMPLE OF THE LENGTHY DELAYS ARAB BRIDGE-CROSSERS NOW ARE EXPERIENCING, HE CITED AN EXAMPLE OF A COUSIN WHO LAST WEEK CAME TO THE BRIDGE AT EIGHT AM AND WHO FINISHED "PROCESSING" AT THREE PM.

4. ELECTRICITY & VAT DISPUTE. GAZA STRIP MILITARY GOVERNOR GENERAL MAIMOUN HAD SEVERAL WEEKS AGO (AFTER

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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 4131

THE ELECTIONS) TURNED DOWN MAYOR SHAWWA'S SUGGESTION
THE THE MILITARY GOVERNMENT DEDUCT VAT ARREARS ON THE
MUNICIPALITY'S EWECTRICITY BILLS FROM GOI BUDGETARY
SUPPORT FOR GAZA (PARA 1, REFTEL). THE MAYOR'S RESPONSE
HAD BEEN THAT THE ISRAELIS SHOULD GO AHEAD AND TURN OFF
THE ELECTRICITY, BUT SUBSEQUENTLY, WHEN THE SHAWWAS
AND TOWN COUNCIL STARTED POLLING THE POPULACE, THEY
FOUND UNANIMOUS INSISTENCE THAT THZ MAYOR DO WHATEVER
IS NECESSARY TO RETAIN THE POWER SUPPLY. THE MUNICIPAL
COUNCIL WILL PROBABLY BOW TO THE ISRAELI DEMAND TO
PAY THE VAT, ALTHOUGH IT HAS BEEN LEVIED IN VIOLATION
OF THE GENEVA CONVENTION, ISAM SHAWWA SAID, "BECAUSE IT
WOULD BE TOO EMBARRASSING IF THE ISRAELIS CUT THE
POWER AND THEN A WEEK LATER THE PEOPLE FORCED THE
MAYOR TO GO AND BEG FOR IT TO BE RESTORED." SHAWWA
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SAID THAT HE BELIEVED ALL THE WEST BANK MAYORS HAD
ALREADY CONCEDED TO THE ISRAELI DEMAND.

5. WATER AND NEW CITRUS TAX. INSTEAD OF IMPOSING A FLAT CEILING OF 1000 CUBIC METERS OF WATER PER DUNAM FOR CITRUS GROWERS, THE MILGOV HAS AGREED TO SET UP A COMMITTEE TO RECEIVE INFORMATION FROM GAZANS ABOUT THE AMOUNTS OF WATER THEY NEED (SEE TEW AVIV 922, PARA 6). THIS CONCESSION, HOWEVER, MAY SOON BE COUNTERBALANCED BY THE IMPOSITION OF A HIGH INCOME TAX ON CITRUS PRODUCERS, THE EFFECT OF WHICH, SHAWWA SAID, WOULD BE THAT MANY GROWERS WOULD HAVE TO LET THEIR TREES DIE. SHAWWA CLAIMED TO HAVE SEEN SURREPTITIOUSLY AN ORDER FOR THE NEW TAX--READY FOR GENERAL MAIMOUN'S SIGNATURE. "WHAT THE ISRAELIS

CAN NOT GET ONE WAY, THEY WILL GET ANOTHER WAY." COMMENTING ON THE RISE OF LIVING COSTS IN GAZA SINCE 1967, SHAWWA SAID THAT THE AVERAGE COST OF STAPLE COMMODITIES HAD GONE UP EIGHT HUNDRED AND FORTY PERCENT. DURING THAT SAME PERIOD, THE ISRAELI HAD ADJUSTED THE MINIMUM LEVEL OF EXEMPTIONS ON TAXABLE INCOME ONLY FOURTEEN PERCENT.

6. COMMENT: IN THIS WIDE-RANGING DISCUSSION, ISAM SHAWWA APPEARED TO BE CONCERNED MORE THAN ANYTHING ELSE ABOUT THE VAT/ELECTRICITY DISPUTE. THE MILGOV WAS UNCOMPROMISING AND HAS SHAMED THE MAYOR, WHO MADE AN ERROR BY EXPOSING THE ISSUE TO PUBLIC VIEW. (SEVERAL PAPERS HERE CARRIED DEFIANT STATEMENTS BY THE SHAWWAS ON THE PROBLEM, AND THESE WERE EVEN PICKED UP BY THE VOICE OF PALESTINE IN CAIRO, WHICH UNCHARACTERISTICALLY CALLED ISAM SHAWWA A "HERO.") SHAWWA QUOTED ONE MILGOV OFFICER AS SAYING "YOU MIGHT AS WELL GIVE IN AND PAY THE VAT (ON ELECTRICITY TOO), HARD TIMES ARE AHEAD." JUST HOW HARD THOSE TIMES WILL BE IS AN

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OPEN QUESTION, BUT AT THIS POINT SHAWWA'S IMPRESSION IS THAT THE MILITARY GOVERNMENT MAY HAVE BECOME A BIT STRICTER SINCE MID-MAY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY OCCUPIED AREAS, MUNICIPALITY, VALUE ADDED TAXES, ELECTRIC POWER
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV04131
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770206-0128
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770671/aaaackqd.tel
Line Count: 214
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 720eee7f-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TEL AVIV 3401
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2207910
Secure: OPEN
Status: NATIVE
Subject: GAZA CITY MANAGER REVIEWS CURRENT DEVELOPMENTS
TAGS: PDEV, PGOV, PBOR, IS, EG, XF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/720eee7f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009